

Coburn Amendment 953 — To limit the amount of crop insurance premium subsidy provided to any entity with an average adjusted gross income in excess of \$750,000

This amendment would reduce the level of premium support for crop insurance policies by 15 percentage points for farmers with an adjusted gross income over \$750,000.

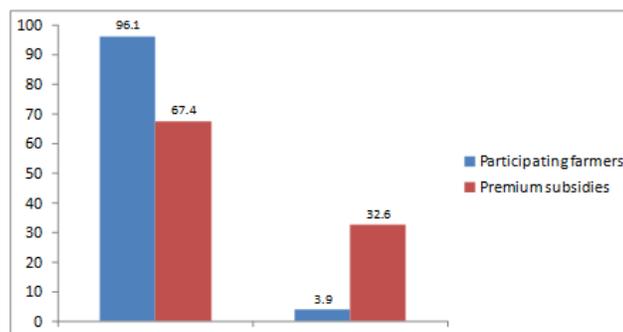
According to a 2012 GAO report, the federal government pays -- on average -- **62% of crop insurance premiums for farmers.**

Last year, the federal government – and the taxpayers – spent \$7.1 billion to cover that 62% of crop insurance premiums.

And the amount spent by taxpayers each year has been growing. To cover slightly more acres, the federal government paid \$2 billion more in 2012 than in 2009.

Further, 4% of the most profitable farmers or farming entities accounted for nearly 33% of all premium support provided by the federal government.

About 4 Percent of Participating Farmers Received Over 32 Percent of Crop Insurance Premium Subsidies in 2011



Facing stark fiscal realities, we cannot justify continuing to provide this level of premium support to the wealthiest farmers.

Our amendment is simple. If your adjusted gross income – income after

deducting business expenses, health care, and other deductions – is above \$750,000, your premium support is reduced by 15 percentage points. **If this limitation goes into effect, it would save nearly \$1.1 billion over ten years.**

This amendment is estimated to impact roughly the wealthiest 1% (15,000 – 24,000) of all producers, and it will not remove any entity from the program. Instead, it simply limits the amount of premium support the wealthiest farmers can receive. For instance, should this amendment go into effect, a farmer receiving \$1 million in premium support this year will still receive \$850,000 next year.

Studies have shown the wealthiest 1% of farmers receive, on average, \$220,000 in crop insurance premium support. On the other hand, the average support for the 80% of farmers who would not be considered wealthy receive approximately \$5,000 a year. In view of this disparity, limiting premium support would clearly only affect those who are benefitting the most from the program.

Finally, if all else remains the same, the producers impacted by this amendment would still have on average nearly 50% of their crop insurance premiums paid for by the federal government. This is still a more than generous federal share for farmers who make more than \$750,000 a year; in fact, most other farming safety net programs also set an AGI limitation at the exact same level.

Last year, this exact amendment passed in the Senate by a 66-33 margin. Of the 33 members that voted against this amendment, 29 voted for a nearly identical amendment that only varied in the scope of the study. 95 US Senators voted for the exact same adjusted gross income limitation language included in this amendment.

This amendment enacts a commonsense measure that would save the federal government more than \$1 billion over the next ten years. Given our fiscal reality, as well as the high incomes generated by the wealthiest farmers, such a limitation should be an easy decision.